

Exhibit No. 23Date 4-10-07 #1Bill No. SB 568NEED

- There are currently 68,750 mobile/manufactured homes in the state.
- Nearly 14% of Montana families live in manufactured homes, twice the national average.
- Of the occupied homes, 28,635, or 41.7 percent, are pre-HUD Code mobile homes.
- There were no building codes or standards for pre-HUD Code mobile homes.
- These homes built with no standards are now over 30 years old.
- These homes often include hazardous and unsafe building materials.
- The vast majority of pre-HUD Code homes are extremely energy inefficient, dilapidated, deteriorating and in many instances dangerous and unsafe.
- For example, pre-HUD Code mobile homes with aluminum electrical wiring are 55% more likely to catch fire than homes with copper wiring.
- When manufactured homes catch fire, residents are twice as likely to die as those in conventional house fires.
- The majority of families living in manufactured homes have lower incomes and include very low income senior citizens.
- These families, among the most vulnerable of Montana's citizens, are experiencing rapidly rising and unaffordable energy costs and are often living in unsafe and unhealthy conditions.
- The dilapidated and deteriorating mobile home stock is an eyesore and sometimes presents a barrier to community and economic development.
- Federal and state housing program regulations often prohibit providing assistance to mobile home owners and occupants.

OUTCOME INDICATORS

- Progress will be measured by the number of loans made to replace or rehabilitate pre-HUD Code mobile homes in the 2009 biennium.
- Assist 120 to 200 Montana families with decent safe housing
- Lower energy bills
- Appreciating asset developed for household
- Allow other energy programs to be used for other housing types
- Remove a continuing blight problem of re-circulating poor quality mobile homes
- Access to traditional forms of lower cost financing

TIMELINE

- The proposal is to develop an ongoing revolving loan program to decommission and replace pre-HUD code owner occupied mobile homes.
- The first phase of the program is expected to be completed in the 2009 biennium.

CHALLENGES

- Structuring financing that is affordable to each eligible family.
- Leveraging private sector funding.
- The lack or distribution of disposal sites throughout the state.
- The availability of affordable and qualifying replacement units for all areas of the state.

RISK THE PROPOSAL IS NOT ADOPTED

- 120 to 200 units of the over 28,000 units of dilapidated pre-HUD Code mobile homes will continue to circulate throughout the state, often creating blight that hinders community and economic development.
- Occupants of these homes will continue to face serious health and safety threats including life threatening fire hazards and exposure to hazardous materials.
- Occupants of these homes will continue to have high energy consumption and often unaffordable energy costs.

## MANUFACTURED HOME RENOVATION (MHR) PROGRAM

### GOALS

- To develop a program to permanently remove dilapidated pre-HUD Code (1976) owner occupied manufactured housing from Montana's housing stock and provide financing for safe, decent, energy efficient, and affordable replacement housing.
- To initially target 120 to 200 mobile home owner homeowners throughout the state for affordable removal and replacement home financing.
- To replace or convert depreciating manufactured homes classified as personal property to real estate assets with appreciating values.
- To reduce energy consumption and costs for these targeted households.
- Remove continuing community blight by permanently removing the re-circulating dilapidated mobile homes from the housing stock.

### PROGRAM ELIGIBILITY

- Family will be LIEAP eligible (150% of poverty level)
- Family will take financial literacy and home buyer education
- Unit must be replaced and disposed of removing it from the housing inventory
- Replacement unit must be energy star efficient whenever possible
- Unit can be placed on owned or leased land with appropriate infrastructure

### FUNDING

- The Program will be funded by a one time appropriation of general funds.
- The Program will include maximum leveraging of other funding (private sector lenders, LIEAP, Weatherization, CDBG, HOME, MBOH, USDA/RD etc) whenever possible.
- Program funds will be loaned to qualifying families.
- Terms and conditions of the loans will be established to be reasonable and affordable. For example:
  - Minimum and maximum loan amounts will be established (i.e. \$5,000 to \$30,000).
  - Interest rates may be from 0% and up.
  - Flexible amortization for affordability to very low income families.
  - Flexible loan terms for affordability to very low income families.
  - Minimum household eligibility and qualification criteria will be established.
- Appropriate and maximum administration and service delivery fees will be established.

### OPERATING DUTIES OF THE PROGRAM

- The Montana Housing Division will administer the program, including:
  - Development of rules, underwriting criteria, replacement housing criteria, and application process.
  - Processing of applications according to established criteria.
  - Disbursal of loan funds and collection payments from sponsor organizations.
- Sponsor organizations will be Community Housing Development Organizations (CHDO's), Human Resource Development Corporations (HRDCs), Housing Authorities, or units of local government.
- Sponsor organizations will deliver program services, including.
  - Identification of eligible families and development of financing packages.
  - Identification of eligible and affordable replacement housing units.
  - Coordination services with the Montana Weatherization and Energy Assistance Programs.
  - Provide application intake services.
  - Submit completed applications to the Housing Division for financing.
  - Assist clients with coordinating the decommissioning and replacement of units.
  - Collect and submit monthly loan payments to the Housing Division.